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Consolidated Financial Results for the Six Months Ended June 30, 2019 [Japanese GAAP]

August 9, 2019

Company name: SAKATA INX CORPORATION
 Stock exchange listing: Tokyo
 Code number: 4633
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Scheduled date of filing quarterly securities report: August 9, 2019
 Scheduled date of commencing dividend payments: September 6, 2019
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended June 30, 2019 (January 1, 2019 to June 30, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2019	83,167	5.4	3,051	13.9	3,718	5.0	2,386	(8.5)
June 30, 2018	78,938	2.2	2,680	(41.2)	3,540	(40.2)	2,609	(43.6)

(Note) Comprehensive income: Six months ended June 30, 2019: ¥ 1,310 million [-%]
 Six months ended June 30, 2018: ¥ 106 million [(97.2)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2019	40.86	-
June 30, 2018	44.68	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2019	145,754	78,441	50.7	1,266.15
December 31, 2018	145,495	77,397	51.1	1,272.41

(Note) Equity: As of June 30, 2019: ¥ 73,941 million
 As of December 31, 2018: ¥ 74,307 million

(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan(ASBJ) Statement No.28, February 16, 2018) have been applied from the beginning of the first quarter of the current fiscal year. Consolidated financial position for the year ended December 31, 2018 was reclassified retrospectively in accordance with this accounting standard.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2018	-	15.00	-	15.00	30.00
Fiscal year ending December 31, 2019	-	15.00	-	-	-
Fiscal year ending December 31, 2019(Forecast)	-	-	-	15.00	30.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019(January 1, 2019 to December 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	170,000	4.9	6,800	33.0	8,200	18.7	5,250	11.9	89.90

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

- (1) Changes in significant subsidiaries during the six months ended June 30, 2019
(changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):
 - June 30, 2019: 62,601,161 shares
 - December 31, 2018: 62,601,161 shares
 - 2) Total number of treasury shares at the end of the period:
 - June 30, 2019: 4,202,137 shares
 - December 31, 2018: 4,201,943 shares
 - 3) Average number of shares during the period:
 - Six months ended June 30, 2019: 58,399,137 shares
 - Six months ended June 30, 2018: 58,399,579 shares

*This consolidated financial results are not subject to quarterly review procedures by Certified Public Accountants or audit firm.

*Explanation of appropriate use of financial forecasts and other special notes

The above financial forecasts are based on the current available information in the Company and certain reasonable assumption to the Company, and we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

*Supplementary information will be disclosed on TDnet on August 9, 2019 and will be uploaded on the Company's website.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of December 31,2018	As of June 30,2019
Assets		
Current assets		
Cash and deposits	7,194	7,719
Notes and accounts receivable - trade	46,506	47,031
Merchandise and finished goods	9,759	10,537
Work in process	1,219	1,224
Raw materials and supplies	9,180	9,895
Other	2,378	2,140
Allowance for doubtful accounts	(453)	(529)
Total current assets	75,785	78,020
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,298	17,564
Machinery, equipment and vehicles, net	10,778	10,434
Land	8,795	8,820
Leased assets, net	703	441
Construction in progress	912	1,400
Other, net	443	2,334
Total property, plant and equipment	38,931	40,995
Intangible assets		
Goodwill	-	814
Other	590	476
Total intangible assets	590	1,290
Investments and other assets		
Investment securities	26,504	23,577
Other	3,946	2,126
Allowance for doubtful accounts	(262)	(255)
Total investments and other assets	30,187	25,448
Total non-current assets	69,709	67,734
Total assets	145,495	145,754

(Million yen)

	As of December 31,2018	As of June 30,2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,989	17,654
Electronically recorded obligations - operating	13,814	13,197
Short-term loans payable	9,059	7,343
Current portion of long-term loans payable	1,357	1,452
Accrued expenses	3,182	3,011
Income taxes payable	179	482
Provision for bonuses	553	555
Other	3,095	3,059
Total current liabilities	49,233	46,756
Non-current liabilities		
Long-term loans payable	7,332	8,385
Net defined benefit liability	4,968	4,880
Asset retirement obligations	72	69
Other	6,491	7,221
Total non-current liabilities	18,864	20,556
Total liabilities	68,097	67,313
Net assets		
Shareholders' equity		
Capital stock	7,472	7,472
Capital surplus	5,672	5,672
Retained earnings	68,430	69,541
Treasury shares	(4,047)	(4,047)
Total shareholders' equity	77,528	78,639
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,713	2,419
Deferred gains or losses on hedges	4	1
Foreign currency translation adjustment	(4,549)	(5,804)
Remeasurements of defined benefit plans	(1,389)	(1,315)
Total accumulated other comprehensive income	(3,220)	(4,698)
Non-controlling interests	3,090	4,499
Total net assets	77,397	78,441
Total liabilities and net assets	145,495	145,754

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended June 30,2018	For the six months ended June 30,2019
Net sales	78,938	83,167
Cost of sales	62,293	65,545
Gross profit	16,645	17,621
Selling, general and administrative expenses	13,964	14,569
Operating income	2,680	3,051
Non-operating income		
Interest income	29	30
Dividend income	160	169
Equity in earnings of affiliates	826	449
Other	243	233
Total non-operating income	1,259	882
Non-operating expenses		
Interest expenses	119	157
Foreign exchange losses	212	-
Other	68	58
Total non-operating expenses	399	215
Ordinary income	3,540	3,718
Extraordinary income		
Gain on sales of investment securities	-	208
Insurance income	185	-
Total extraordinary income	185	208
Extraordinary losses		
Impairment loss	-	190
Loss on retirement of property, plant and equipment	56	-
Loss on valuation of investment securities	-	2
Total extraordinary losses	56	192
Income before income taxes	3,669	3,733
Income taxes - current	822	1,021
Income taxes - deferred	118	10
Total income taxes	941	1,032
Net income	2,728	2,701
Net income attributable to non-controlling interests	118	315
Net income attributable to owners of parent	2,609	2,386

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended June 30,2018	For the six months ended June 30,2019
Net income	2,728	2,701
Other comprehensive income		
Valuation difference on available-for-sale securities	(874)	(289)
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	(1,294)	(865)
Remeasurements of defined benefit plans, net of tax	63	70
Share of other comprehensive income of affiliates accounted for using equity method	(516)	(306)
Total other comprehensive income	(2,621)	(1,391)
Comprehensive income	106	1,310
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	82	1,052
Comprehensive income attributable to non-controlling interests	24	257

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended June 30,2018	For the six months ended June 30,2019
Cash flows from operating activities		
Income before income taxes	3,669	3,733
Depreciation and amortization	1,956	2,154
Impairment loss	-	190
Amortization of goodwill	-	56
Increase (decrease) in allowance for doubtful accounts	28	12
Increase (decrease) in net defined benefit liability	92	56
Increase (decrease) in provision for bonuses	(3)	3
Interest and dividend income	(189)	(199)
Interest expenses	119	157
Equity in (earnings) losses of affiliates	(826)	(449)
Loss on retirement of property, plant and equipment	56	-
Loss (gain) on sales of investment securities	-	(208)
Loss (gain) on valuation of investment securities	-	2
Insurance income	(185)	-
Decrease (increase) in notes and accounts receivable - trade	(1,625)	175
Decrease (increase) in inventories	(1,687)	(648)
Increase (decrease) in notes and accounts payable - trade including electronically recorded obligations - operating	1,646	(1,529)
Other, net	(789)	(38)
Subtotal	2,260	3,467
Interest and dividend income received	336	356
Interest expenses paid	(125)	(161)
Proceeds from insurance income	53	-
Income taxes paid	(1,608)	(606)
Net cash provided by (used in) operating activities	916	3,056
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,083)	(2,830)
Proceeds from sales of property, plant and equipment	10	7
Purchase of investment securities	(178)	(118)
Proceeds from sales of investment securities	1	467
Payments of loans receivable	(128)	(25)
Collection of loans receivable	18	23
Other, net	(189)	158
Net cash provided by (used in) investing activities	(3,549)	(2,317)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,046	(1,741)
Proceeds from long-term loans payable	600	2,096
Repayments of long-term loans payable	(1,764)	(869)
Cash dividends paid	(934)	(875)
Dividends paid to non-controlling interests	(223)	(10)
Other, net	(136)	(153)
Net cash provided by (used in) financing activities	(411)	(1,553)
Effect of exchange rate change on cash and cash equivalents	(241)	46
Net increase (decrease) in cash and cash equivalents	(3,285)	(767)
Cash and cash equivalents at beginning of period	9,351	6,788
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	1,426
Cash and cash equivalents at end of period	6,065	7,447